

Webinar: Doing Business in Germany & Israel

M&A's in Israel and Opportunities

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April 2025



Topics for today's discussion

- Israeli Technology & Innovation
- Israeli Transaction Market – M&A & Investments
- Opportunities Between Israel & Germany

GT Germany-Israel Desk

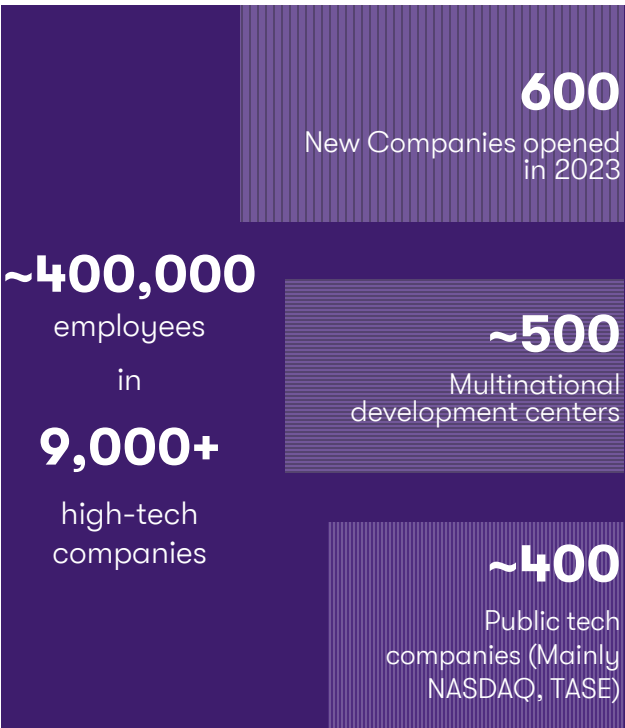
Transactions, M&A's, Valuations, Due Diligence, Trades, Tax & Legal Advice



Israeli Technology & Innovation

Snapshot of Innovation in Israel - The Startup Nation

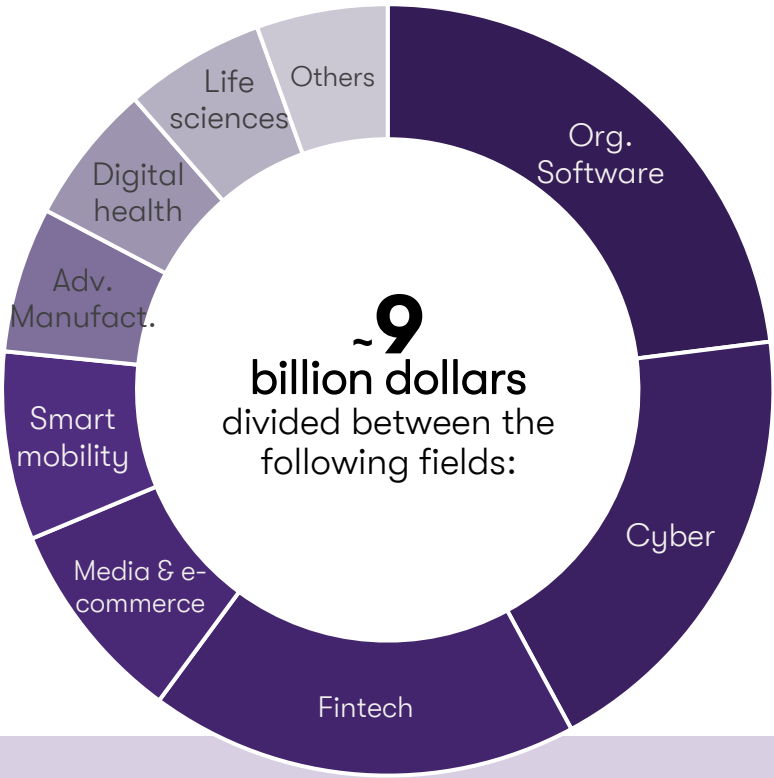
Entities



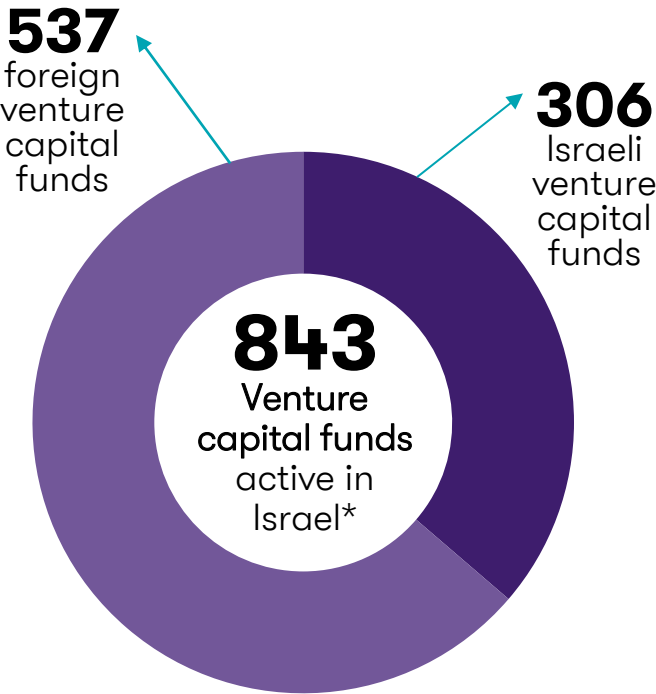
Israel's ranking according to the **Global Innovation Index in 2023**

14 Up two places from 2022

Fundraising



Capital

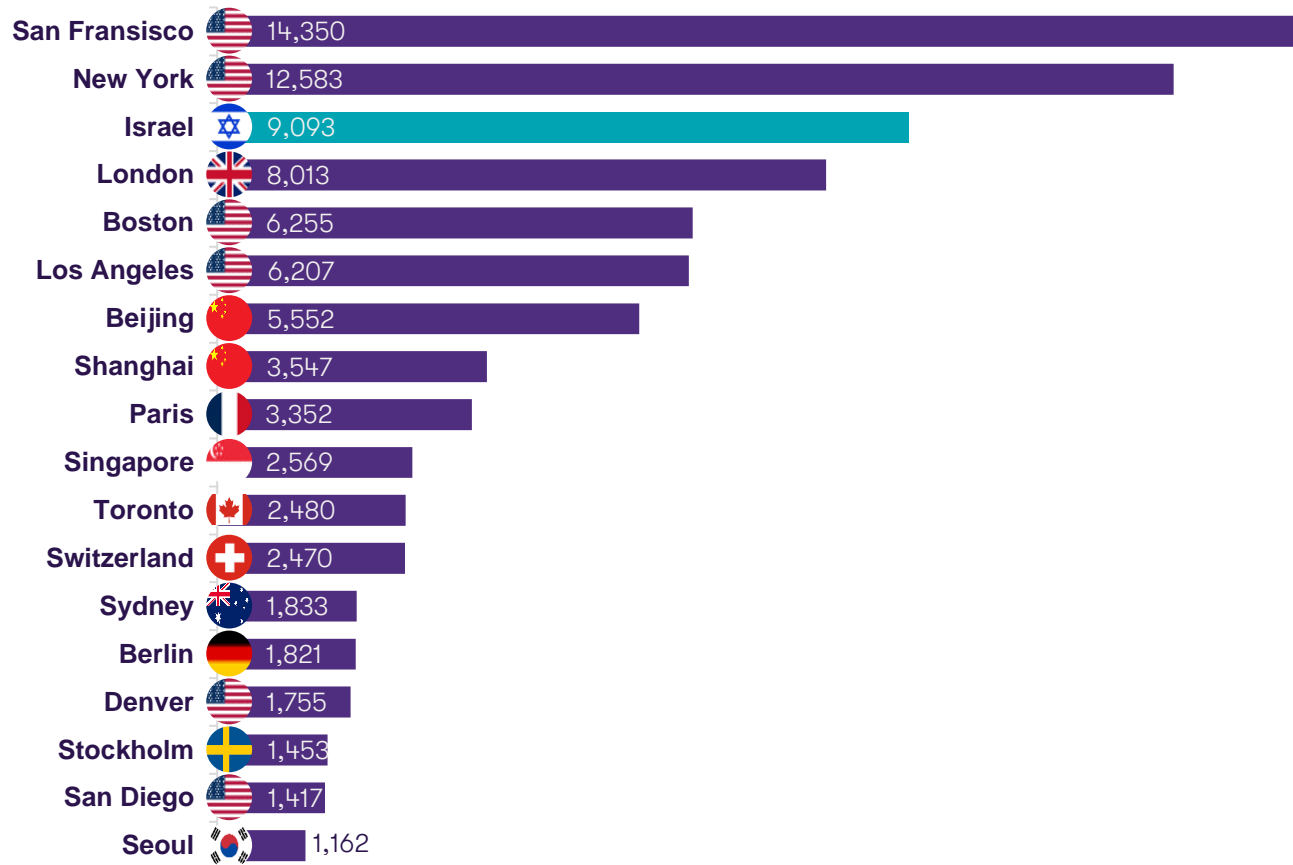


Tel Aviv's ranking according to the **Startup Genome Index in 2023**

5 Up two places from 2022

Israel ranks among the top startup ecosystems globally, holding a strong position

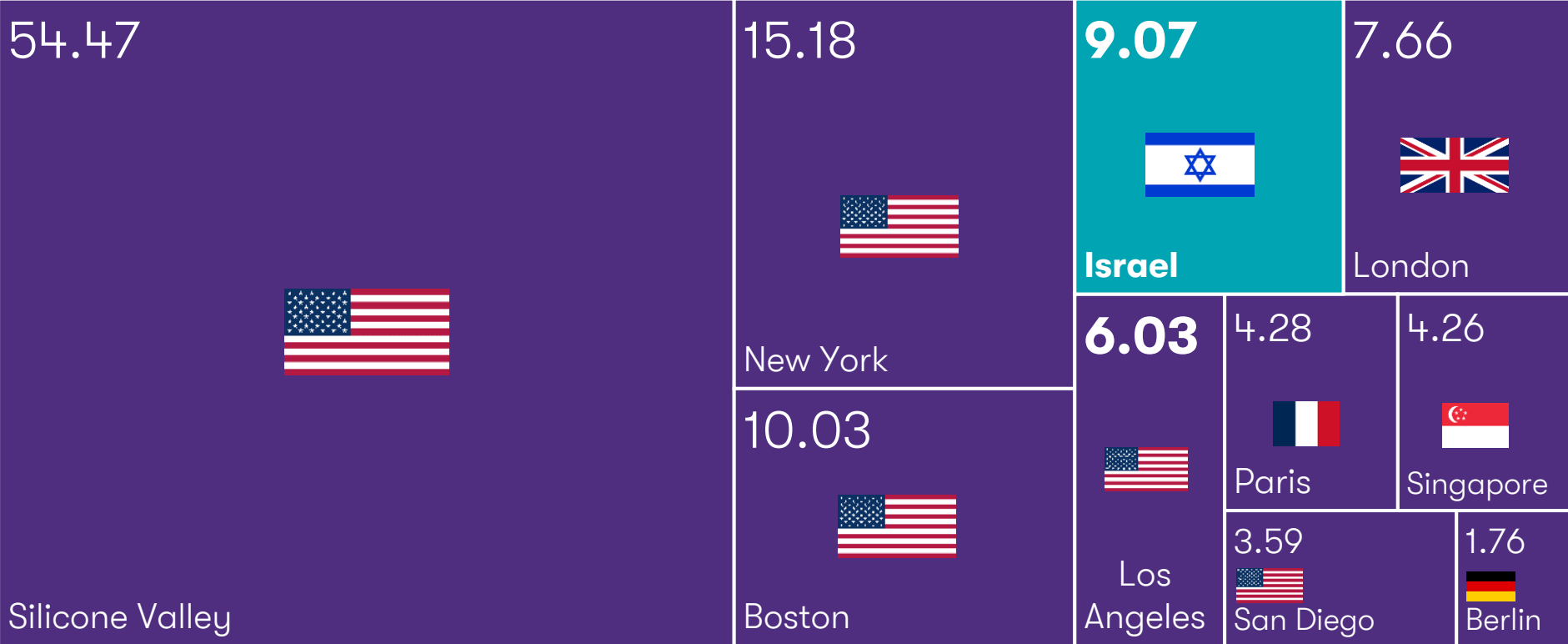
No. of active technological companies which raised capital in prominent hubs (2023)



- **9,000+** active tech companies in Israel's prominent tech hubs
- Ranks **3rd globally** among major cities for capital raised
- Renowned **for groundbreaking innovation** across diverse sectors
- Continues to attract **substantial investments** from international venture capital funds

Source: Innovation Authority

Capital raised by tech companies in global hubs in 2024 (billions of dollars)



Data for 2024 is based on data from October 7, 2023 to October 6, 2024
Source: Innovation Authority Adaptations of Crunchbase IVC data

Israeli high-tech drives the Israeli economy

Sector	Traditional	Technological	
Finance	~ 20	~ 800	FinTech
Energy	~ 25	~ 200	ClimaTech
Food & Agriculture	~ 30	~ 600	FoodTech & AgroTech
Transportation	~ 20	~ 250	CarTech
AI	0	~ 2,170	

Traditional company data reflects the market's top performers.

Over 500 Multinational Corporations (MNCs) with R&D activity in Israel

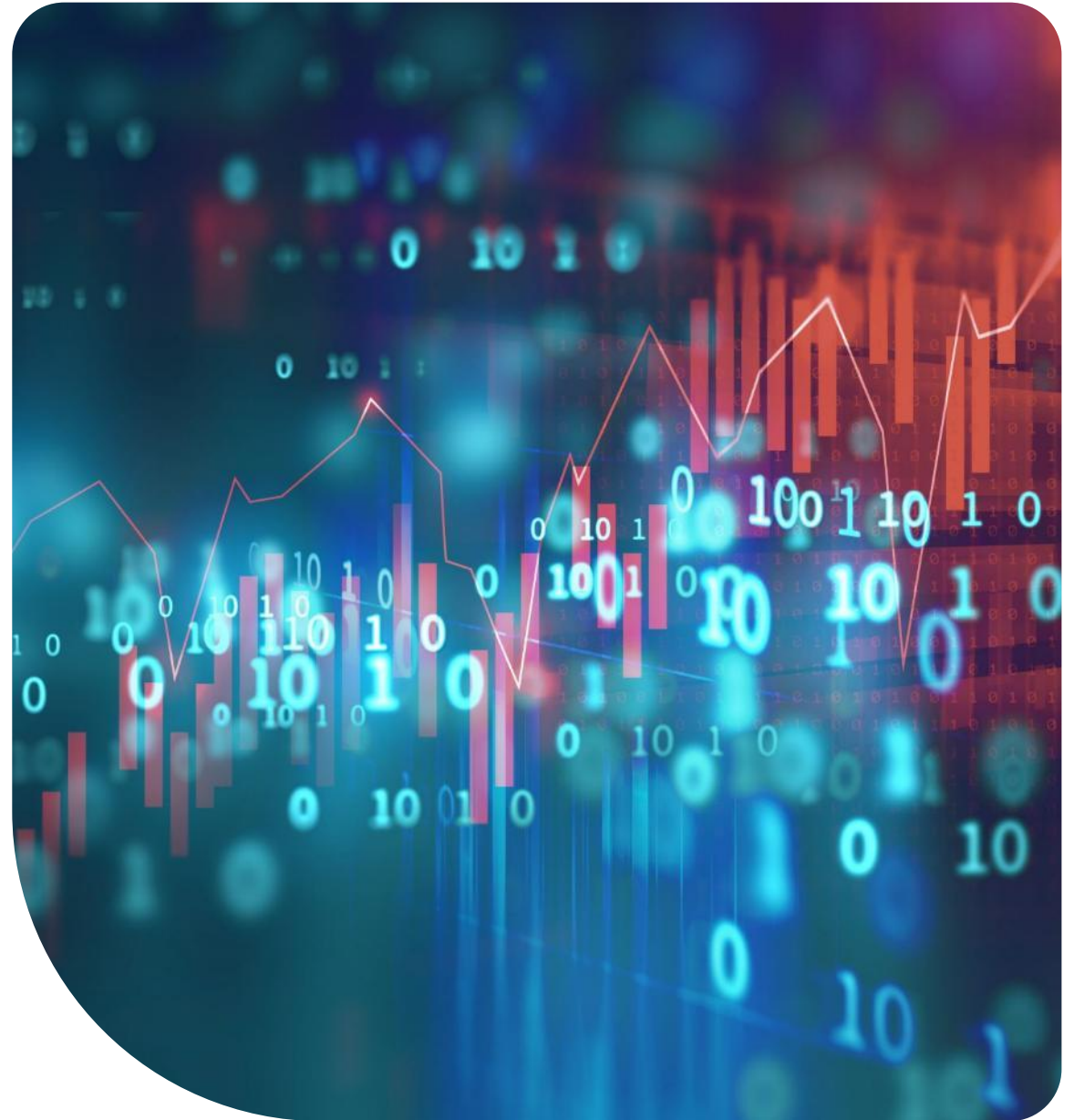
Industry/ Origin	IT, Hardware, Software & Services			Internet & Retail	Semiconductors	Finance, Banking & Insurance	Communications	Automotive, Energy, utility & Industrial	Healthcare & Medical	Other Industries	Electronics
North America	       	    	       	      	       	        	       	            	           	        	              
Europe	  	  		 	 	  	   	     	 	          	
Asia	 	 	 	 	  	   	  	 	   		

Israeli Transaction Market – M&A's and Investments

Annual Transactions Report by Grant Thornton Israel

Recap of 2024

Shlomi Bartov, Partner, CEO of Fahn Kanne Consulting Ltd.
Grant Thornton Israel



Analysis of private transaction market – annual data indicates a slight recovery compared to 2023

7%

Increase in number of transactions compared to 2023.

24%

Increase in transaction volume.

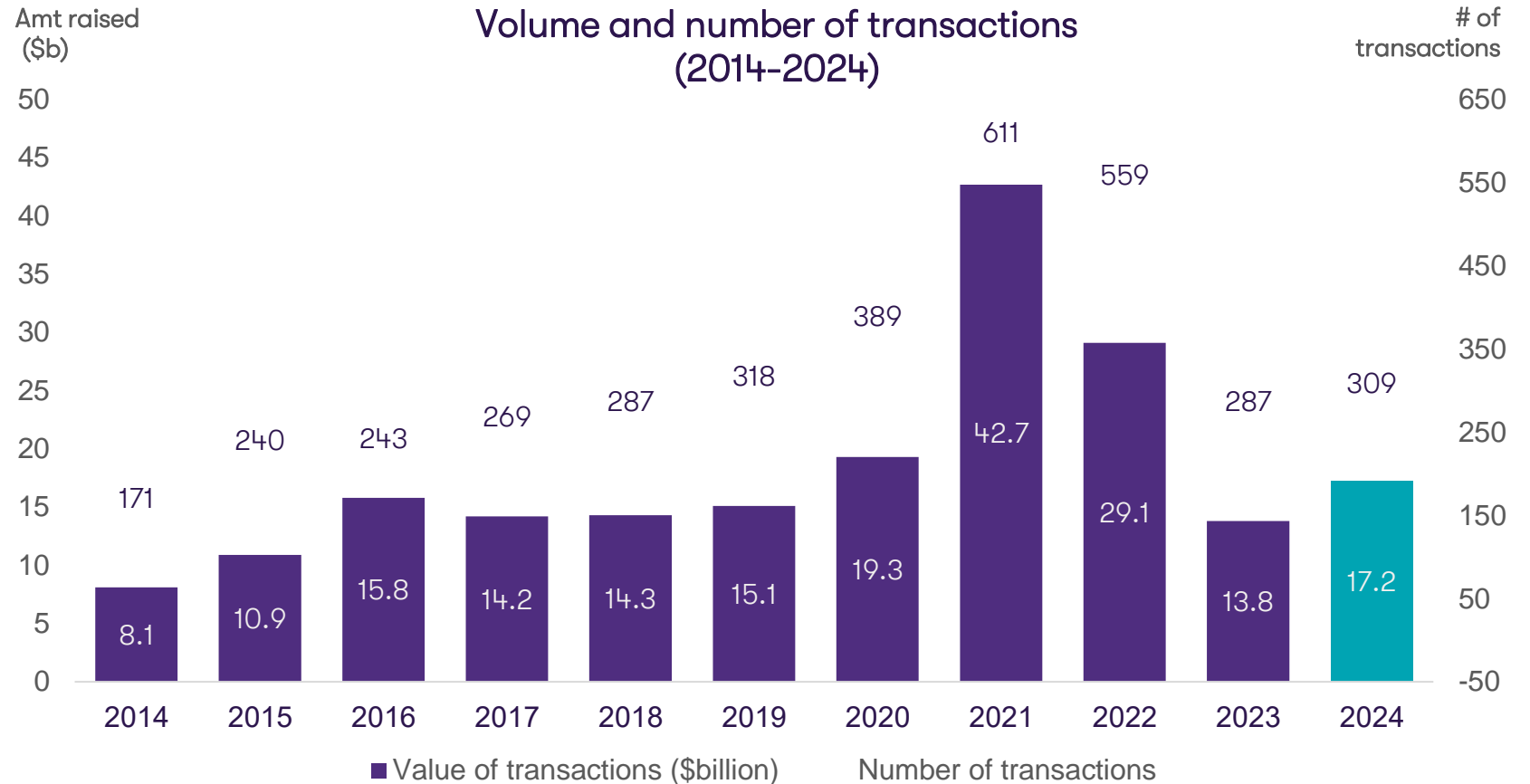
\$56 mil.

Average transaction size in 2024.

The geographical identity of the large companies is not "absolute" because international companies usually operate in several countries.

Transactions in the range of \$ 5 million to \$ 1 billion

Source: Bloomberg, GT analysis



More than 65% of the investments include foreign investors

1,567

transactions completed
amounting over the last decade
amounting to ~\$69 billion

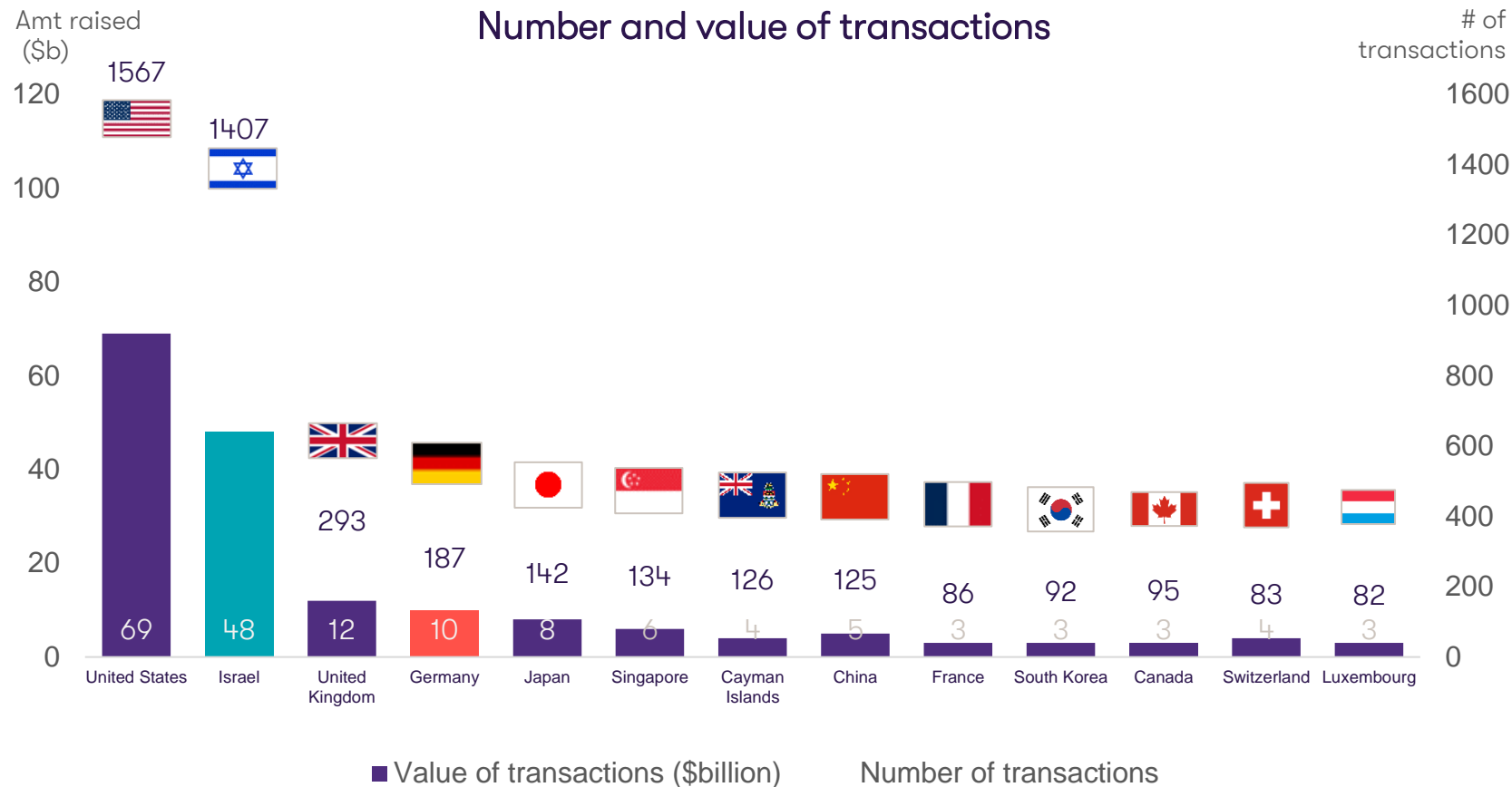
187

Transactions completed by
German investors amounting to
~\$10 billion

The geographical identity of the large companies is not "absolute"
because international companies usually operate in several countries.

Transactions in the range of \$ 5 million to \$ 1 billion

Source: Bloomberg, GT analysis



Opportunities between Germany & Israel

Notable transactions

SAP acquires Israeli co WalkMe for \$1.5b



WalkMe credit: WalkMe



The German software giant is paying \$14 per share for the Israeli digital adoption platform company - a 45% premium.

One Zero to raise \$100m led by Deutsche Bank



Gal Bar Dea credit: Eyal Izhar



The Israeli digital bank expects to be profitable by the fourth quarter of 2024.

Germany's Schwarz Group buys Israeli co XM Cyber for \$700m



Tamir Pardo Photo: Ran Biran



The Israeli cybersecurity company's cofounder and president is Tamir Pardo, the former head of the Mossad.

German investment in acquisitions of Israeli companies

315

Transactions have been recorded

\$13.8 billion

Invested by German investors in acquisitions of Israeli target companies.

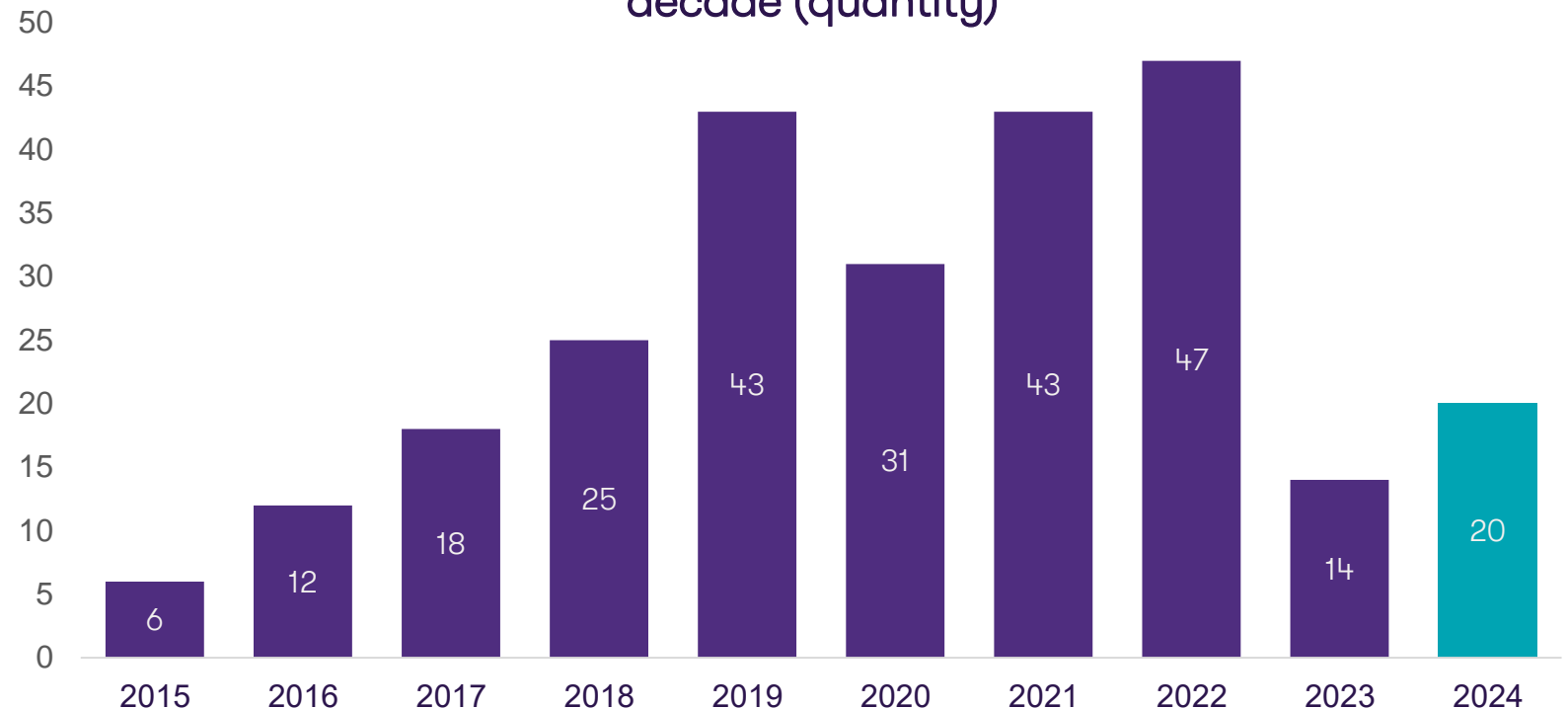
60%

Of transactions conducted as joint investments by German and Israeli investors

The geographical identity of the large companies is not "absolute" because international companies usually operate in several countries.

Source: Bloomberg, GT analysis

German investors in Israeli target companies in the last decade (quantity)

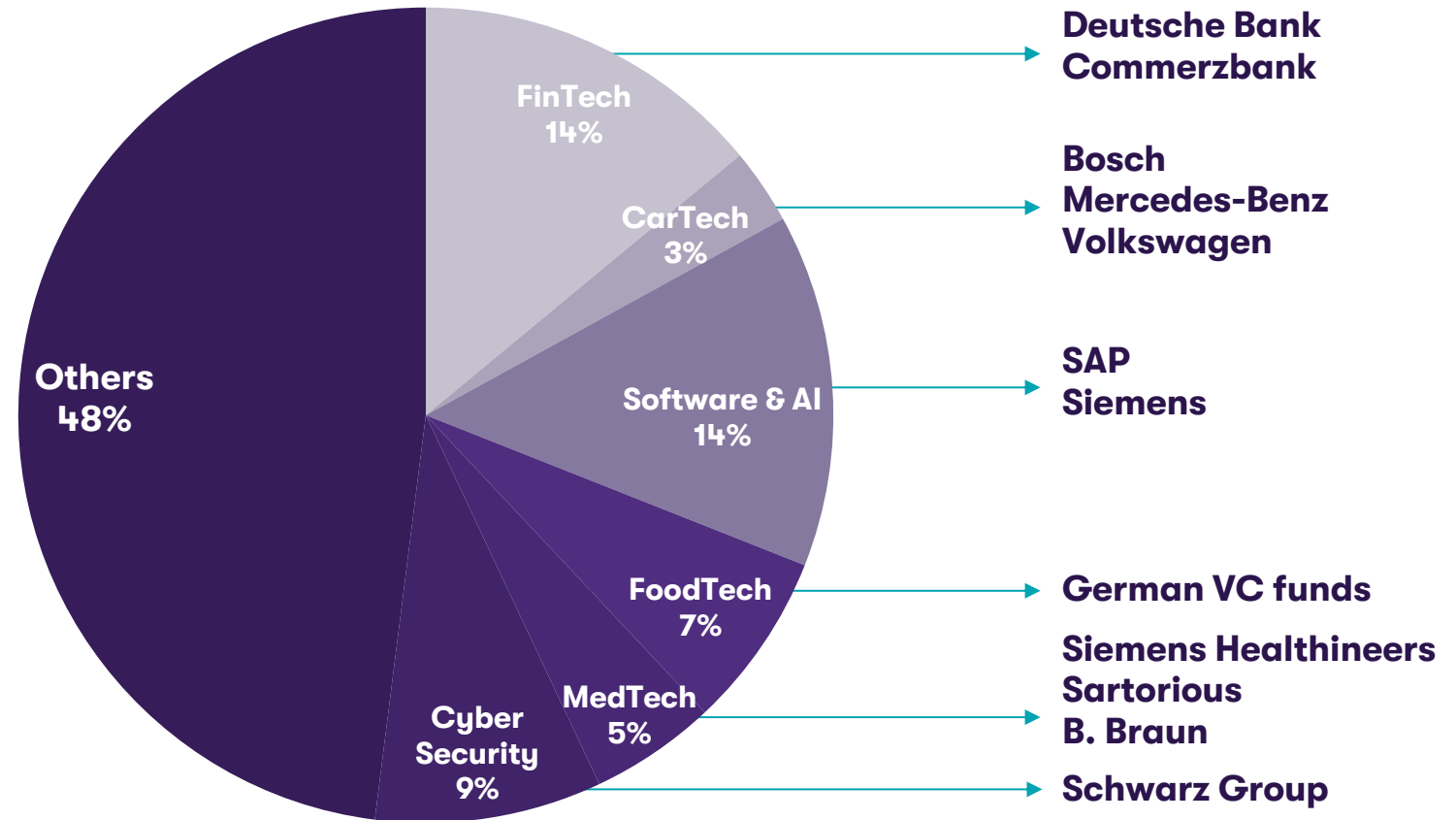


Israeli technology attracts German investors

Technology and technology-oriented sectors are the most attractive to German investors, accounting for **~90%** of investments

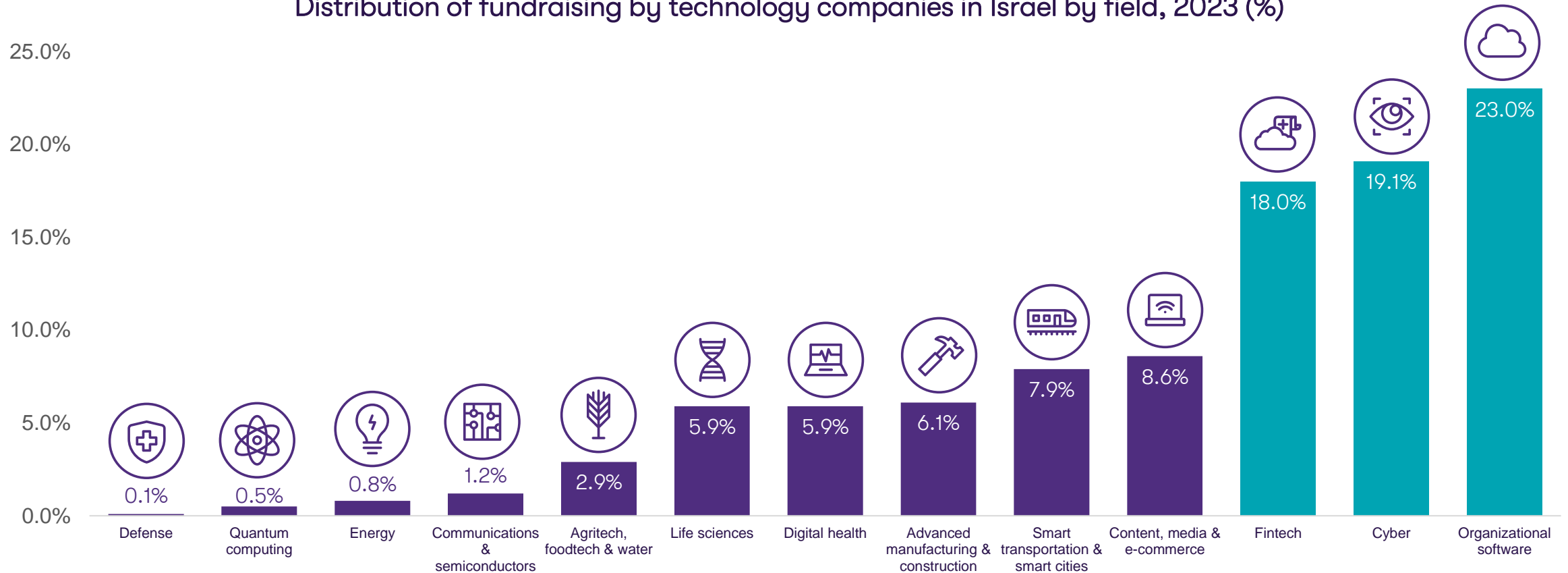
The geographical identity of the large companies is not "absolute" because international companies usually operate in several countries.
Source: Bloomberg, GT analysis

Industries that are of most interest to German investors



Leading: organizational software, cyber and fintech comprise 60% of investments in high-tech

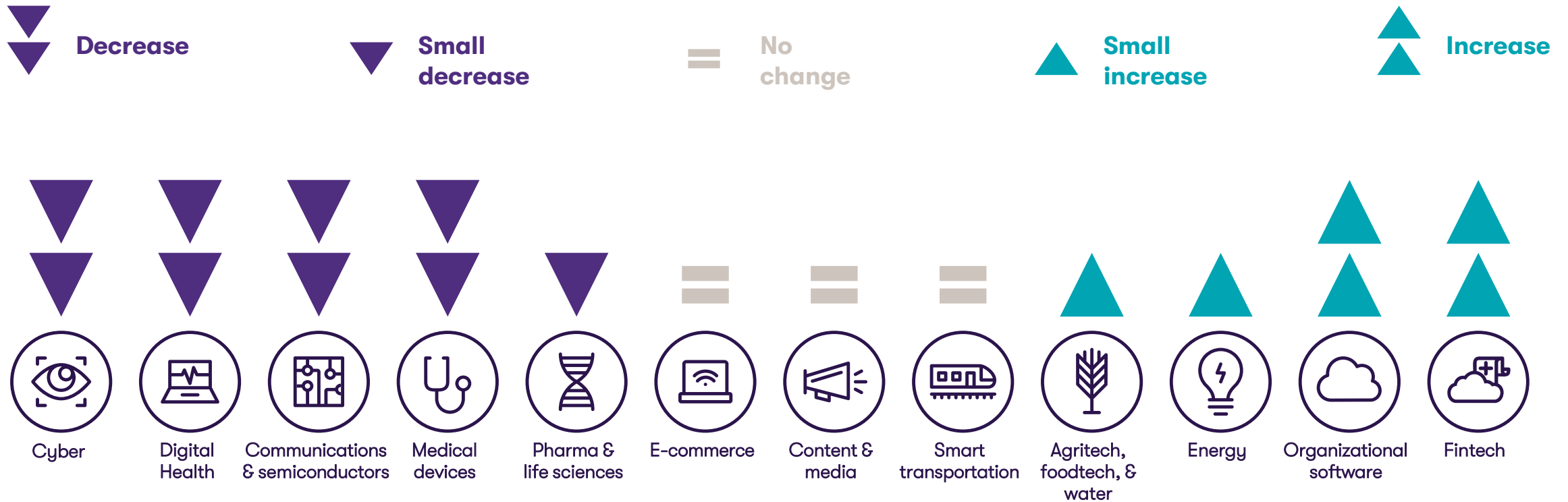
Distribution of fundraising by technology companies in Israel by field, 2023 (%)



Figures only refer to investments that can be classified by field. Certain investments can be classified into more than one field.
Source: Innovation Authority adaptations of IVC data.

Fahn Kanne

Grading the expected changes in VC's investment fields in Israel for the next 3 years



Source: VC funds survey of the Innovation Authority and IATI (March-April 2024)

Fahn Kanne

Israeli tech companies in Europe

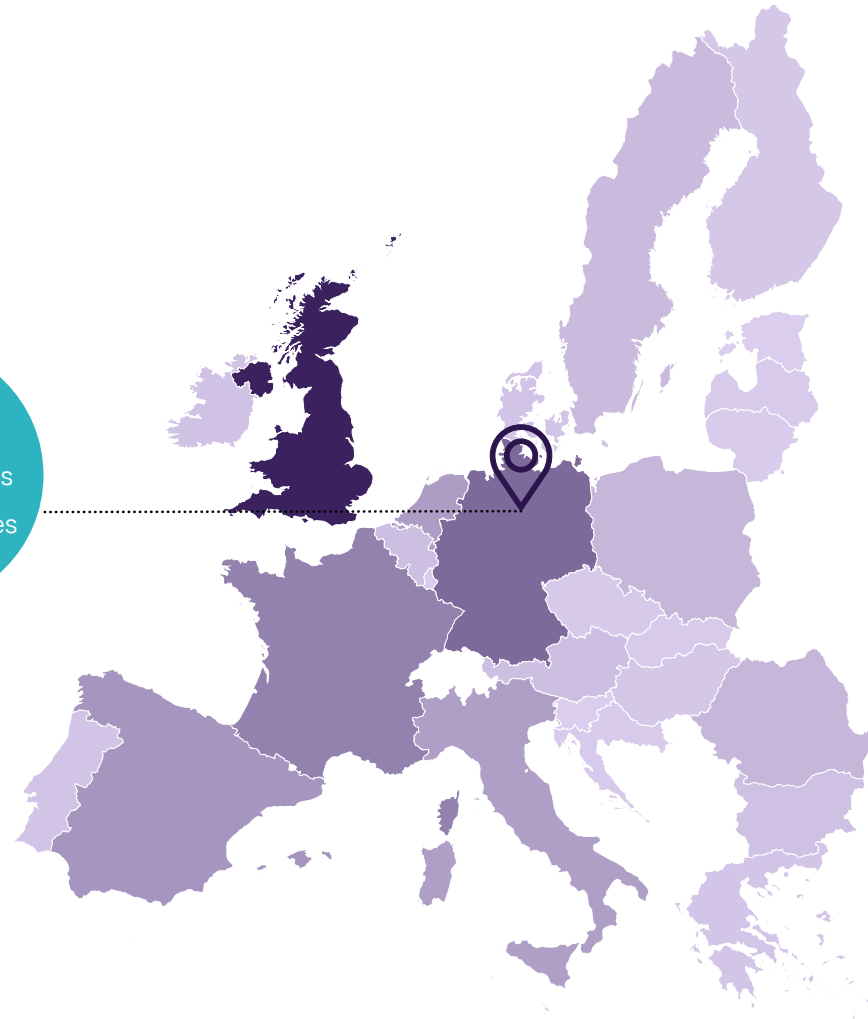
Germany, France, Italy and the UK

lead the list in terms of number of employees

Germany
240 companies
3135 employees

Germany, France, Spain, the Netherlands and the UK

lead the list in terms of number of companies



912

Israeli companies have a presence in EU countries

24,223

employees in the EU are employed by Israeli companies

38%

of the Israeli startups are in the IT & Enterprise Software

Recap – investment opportunities in the Israeli Startup Market

- The Israeli startup market offers a **wide range of investment opportunities**, attracting investors from all over the world.
- Many investment rounds take place in **cooperation between local and international investors**, including leading European and American funds, which **diversifies risk and increases the chances of success**.
- In early stages, relatively small amounts of money can be invested, starting from a few million euros, **allowing investors to examine the potential of the companies in depth**.
- Israel serves as a **strategic bridge to other international markets**, leveraging its close economic ties with the U.S
- The **ability to secure technology right of use** in Germany and the European Union.
- The **ability to secure distribution and marketing rights** in Germany and the European Union.
- In case of success, **Israeli companies may become research and development centers for European investors**.

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Thank You